

**STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN**

1

## MONTHLY FINANCIAL REPORTING FORM

Submitted on 3/2/2004 9:20:40 AM

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1.	FOR THE MONTH ENDING: January 31, 2004
2.	Name: UNIVERSAL CARE
3.	File Number:(Enter last three digits) 933-0 209
4.	Date Incorporated or Organized: April 19, 1983
5.	Date Licensed as a HCSP: October 15, 1985
6.	Date Federally Qualified as a HCSP:
7.	Date Commenced Operation: November 1, 1985
8.	Mailing Address: 1600 EAST HILL STREET, SIGNAL HILL, CA 90806
9.	Address of Main Administrative Office: 1600 EAST HILL STREET, SIGNAL HILL, CA 90806
10.	Telephone Number: (562) 424-6200
11.	HCSP's ID Number: 33-0012358
12.	Principal Location of Books and Records: 1600 EAST HILL STREET, SIGNAL HILL, CA 90806
13.	Plan Contact Person and Phone Number: MARK A. GUNTER (562) 981-4037
14.	Financial Reporting Contact Person and Phone Number: JEFFERY V. DAVIS (562) 981-4004
15.	President:* HOWARD E. DAVIS
16.	Secretary:* JEFFERY V. DAVIS
17.	Chief Financial Officer:* JEFFERY V. DAVIS
18.	Other Officers:* JAY B. DAVIS, EXECUTIVE VICE PRESIDENT
19.	
20.	
21.	
22.	Directors:* HOWARD E. DAVIS
23.	JEFFERY V. DAVIS
24.	JAY B. DAVIS
25.	JOHN ADAMS
26.	STEPHAN BASS
27.	MARK GOPINATH
28.	FRAZIER MOORE
29.	
30.	
31.	

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32. President	HOWARD E DAVIS (please type for valid signature)
33. Secretary	JEFFERY V DAVIS (please type for valid signature)
34. Chief Financial Officer	JEFFERY V DAVIS (please type for valid signature)
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.	
35.	If this is a revised filing, check here and complete question 4 on Page 2: <input checked="" type="checkbox"/>
36.	If all dollar amounts are reported in thousands (000), check here <input type="checkbox"/>

Check My Work.

**STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN**

## MONTHLY FINANCIAL REPORTING FORM

### SUPPLEMENTAL INFORMATION

		1
1.	Are footnote disclosures attached with this filing?	Yes <input type="button" value="▼"/>
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No <input type="button" value="▼"/>
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No <input type="button" value="▼"/>
4.	If this is a revised reporting form, what is/are the reason(s) for the revision?	The Ending Date given at the time of upload, 1/31/04 does not match the Ending Date given on the submitted reporting form January 1, 2004

## STATEMENT AS OF 1-31-2004 OF 933-0209 UNIVERSAL CARE

## REPORT #1 ---- PART A: ASSETS

1	2
<b>CURRENT ASSETS:</b>	Current Period
1. Cash and Cash Equivalents	24,604,034
2. Short-Term Investments	352,011
3. Premiums Receivable - Net	21,195,212
4. Interest Receivable	47,689
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	5,215,640
7. Prepaid Expenses	1,826,157
8. Secured Affiliate Receivables - Current	10,105
9. Unsecured Affiliate Receivables - Current	1,032,611
10. Aggregate Write-Ins for Current Assets	3,961,290
11. TOTAL CURRENT ASSETS (Items 1 to 10)	58,244,749
<b>OTHER ASSETS:</b>	
12. Restricted Assets	507,368
13. Long-Term Investments	
14. Intangible Assets and Goodwill - Net	4,608,574
15. Secured Affiliate Receivables - Long-Term	3,749,169
16. Unsecured Affiliate Receivables - Past Due	
17. Aggregate Write-Ins for Other Assets	1,563,609
18. TOTAL OTHER ASSETS (Items 12 to 18)	10,428,720
<b>PROPERTY AND EQUIPMENT</b>	
19. Land, Building and Improvements	15,872,462
20. Furniture and Equipment - Net	889,813
21. Computer Equipment - Net	1,673,452
22. Leasehold Improvements -Net	912,144
23. Construction in Progress	0
24. Software Development Costs	1,643,920
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	20,991,791
27. TOTAL ASSETS	89,665,260
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS</b>	
1001. Inventory	1,428,328
1002. Income Taxes Receivable	2,532,962
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	3,961,290
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS</b>	
1701. Deposit-L/T	332,007
1702. Deferred Taxes	1,178,153
1703. Others	53,449
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	1,563,609
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT</b>	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

## STATEMENT AS OF 1-31-2004 OF 933-0209 UNIVERSAL CARE

## REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
<b>CURRENT LIABILITIES:</b>	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	7,800,207	XXX	7,800,207
2. Capitation Payable	4,146,912	XXX	4,146,912
3. Claims Payable (Reported)			0
4. Incurred But Not Reported Claims	38,604,862		38,604,862
5. POS Claims Payable (Reported)	0		0
6. POS Incurred But Not Reported Claims	167,590		167,590
7. Other Medical Liability	0		0
8. Unearned Premiums	7,900,548	XXX	7,900,548
9. Loans and Notes Payable	122,567	XXX	122,567
10. Amounts Due To Affiliates - Current		XXX	0
11. Aggregate Write-Ins for Current Liabilities	6,719,226	0	6,719,226
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	65,461,912	0	65,461,912
<b>OTHER LIABILITIES:</b>			
13. Loans and Notes Payable (Not Subordinated)	4,353,682	XXX	4,353,682
14. Loans and Notes Payable (Subordinated)	6,427,891	XXX	6,427,891
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	1,362,000	XXX	1,362,000
18. TOTAL OTHER LIABILITIES (Items 13 to 18)	12,143,573	XXX	12,143,573
19. TOTAL LIABILITIES	77,605,485	0	77,605,485
<b>NET WORTH</b>			
20. Common Stock	XXX	XXX	5,126,950
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	3,139,400
23. Contributed Capital	XXX	XXX	
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	3,671,363
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	122,062
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	12,059,775
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	89,665,260
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES</b>			
1101. Incentives and Withholds	6,719,226		6,719,226
1102.			0
1103.			0
1104.			0
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	6,719,226	0	6,719,226
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES</b>			
1701. Malpractice Insurance and other liabilities	1,362,000	XXX	1,362,000
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	1,362,000	XXX	1,362,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS</b>			
2501. Marketable Securities	XXX	XXX	147,087
2502. Unrealized Loss on Marketable Securities	XXX	XXX	-92,899
2503. Other Comprehensive Income	XXX	XXX	67,874
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	122,062

## STATEMENT AS OF 1-31-2004 OF 933-0209 UNIVERSAL CARE

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
<b>REVENUES:</b>		
1. Premiums (Commercial)	19,021,169	135,218,733
2. Capitation	305,248	2,276,707
3. Co-payments, COB, Subrogation	304,394	998,529
4. Title XVIII - Medicare	1,751,585	9,160,735
5. Title XIX - Medicaid	14,668,200	105,472,882
6. Fee-For-Service	234,544	2,889,327
7. Point-Of-Service (POS)	92,100	667,790
8. Interest	21,410	157,727
9. Risk Pool Revenue		0
10. Aggregate Write-Ins for Other Revenues	10,796	63,477
11. TOTAL REVENUE (Items 1 to 10)	36,409,446	256,905,907
<b>EXPENSES:</b>		
<b>Medical and Hospital</b>		
12. Inpatient Services - Capitated	2,488,014	11,870,292
13. Inpatient Services - Per Diem	10,890,393	82,563,370
14. Inpatient Services - Fee-For-Service/Case Rate	778,057	4,281,166
15. Primary Professional Services - Capitated	9,434,562	66,912,446
16. Primary Professional Services - Non-Capitated	0	0
17. Other Medical Professional Services - Capitated	0	0
18. Other Medical Professional Services - Non-Capitated	0	0
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	217,127	1,283,187
20. POS Out-Of-Network Expense	33,333	158,115
21. Pharmacy Expense - Capitated	769,039	5,708,720
22. Pharmacy Expense - Fee-for-Service	2,932,953	21,393,032
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	3,713,840	28,941,741
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	31,257,318	223,112,069
<b>Administration</b>		
25. Compensation	1,886,261	13,408,920
26. Interest Expense	36,455	262,504
27. Occupancy, Depreciation and Amortization	2,919,503	11,019,131
28. Management Fees	0	0
29. Marketing	1,102,229	8,229,349
30. Affiliate Administration Services	0	0
31. Aggregate Write-Ins for Other Administration	0	0
32. TOTAL ADMINISTRATION (Items 25 to 31)	5,944,448	32,919,904
33. TOTAL EXPENSES	37,201,766	256,031,973
34. INCOME (LOSS)	-792,320	873,934
35. Extraordinary Item		
36. Provision for Taxes	0	0
37. NET INCOME (LOSS)	-792,320	873,934
<b>NET WORTH:</b>		
38. Net Worth Beginning of Period	12,852,095	2,984,891
39. Audit Adjustments		
40. Increase (Decrease) in Common Stock	0	5,100,950
41. Increase (Decrease) in Preferred Stock		
42. Increase (Decrease) in Paid in Surplus	0	3,100,000
43. Increase (Decrease) in Contributed Capital		0
44. Increase (Decrease) in Retained Earnings:		
45. Net Income (Loss)	-792,320	873,934
46. Dividends to Stockholders		
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	12,059,775	12,059,775

## STATEMENT AS OF 1-31-2004 OF 933-0209 UNIVERSAL CARE

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES</b>		
1001. Other Income	10,796	63,477
1002.		
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	10,796	63,477
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES</b>		
2301. Staff Models	3,576,460	28,148,050
2302. Lab & X-Ray	137,001	792,035
2303. Radiology	379	1,656
2304.		
2305.		
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	3,713,840	28,941,741
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES</b>		
3101.		
3102.		
3103.		
3104.		
3105.		
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS</b>		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS</b>		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	0

**REPORT #3: STATEMENT OF CASH FLOWS**

1	2	3
	Current Period	Year-to-Date
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>		
1. Group/Individual Premiums/Capitation	20,132,298	143,505,549
2. Fee-For-Service	304,394	998,529
3. Title XVIII - Medicare Premiums	1,751,584	9,160,734
4. Title XIX - Medicaid Premiums	14,668,200	105,472,882
5. Investment and Other Revenues	32,207	221,204
6. Co-Payments, COB and Subrogation	234,545	2,889,327
7. Medical and Hospital Expenses	-31,243,870	-223,865,167
8. Administration Expenses	-5,951,111	-35,317,870
9. Federal Income Taxes Paid	0	0
10. Interest Paid	-36,455	-262,504
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	-108,208	2,802,684
<b>CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>		
12. Proceeds from Restricted Cash and Other Assets	1,214	1,214
13. Proceeds from Investments		
14. Proceeds for Sales of Property, Plant and Equipment		
15. Payments for Restricted Cash and Other Assets	199	0
16. Payments for Investments		
17. Payments for Property, Plant and Equipment	-355,279	-1,001,376
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-353,866	-1,000,162
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES:</b>		
19. Proceeds from Paid in Capital or Issuance of Stock	0	8,200,950
20. Loan Proceeds from Non-Affiliates		
21. Loan Proceeds from Affiliates		
22. Principal Payments on Loans from Non-Affiliates		
23. Principal Payments on Loans from Affiliates	-9,929	-69,814
24. Dividends Paid		
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0	-3,759,274
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	-9,929	4,371,862
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	-472,003	6,174,384
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE MONTH	25,076,037	18,429,650
29. CASH AND CASH EQUIVALENTS AT THE END OF THE MONTH	24,604,034	24,604,034
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
30. Net Income	-792,320	873,934
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>		
31. Depreciation and Amortization	374,182	1,428,093
32. Decrease (Increase) in Receivables	1,633,351	1,232,867
33. Decrease (Increase) in Prepaid Expenses	182,737	7,636
34. Decrease (Increase) in Affiliate Receivables	-1,000,000	-1,032,611
35. Increase (Decrease) in Accounts Payable	280,839	-3,063,589
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	239,023	-1,099,889
37. Increase (Decrease) in Unearned Premium	-919,569	4,109,451
38. Aggregate Write-Ins for Adjustments to Net Income	-106,451	346,792
39. TOTAL ADJUSTMENTS (Items 31 through 38)	684,112	1,928,750
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	-108,208	2,802,684
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>		
2501. Marketable Securities, Unrealized loss on Marketable Sec, Other Compr Inc.		-3,759,274
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
TOTALS (Items 2501 thru 2503 plus 2598)	0	-3,759,274
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME</b>		
3801. Deposit-L/T, Deferred Taxes, Malpractice Tail Reserve	-106,451	346,792
3802.		
3803.		
3898. Summary of remaining write-ins for Item 38 from overflow page		
3899. TOTALS (Items 3801 thru 3803 plus 3898)	-106,451	346,792

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## REPORT #4: ENROLLMENT AND UTILIZATION TABLE

## TOTAL ENROLLMENT

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	100,594		465	100,129	708,473	98,789		98,789	11,316	192	3.74
2. Medicare Risk	2,189	526		2,715	14,663	4,693		4,693	2,111	1728	5.54
3. Medi-Cal Risk	164,122		2,458	161,664	1,163,371	200,518		200,518	17,419	180	4.11
4. Individual	0			0	0			0			
5. Point of Service	786		11	775	5,846			0	0	0	
6. Aggregate write-ins for Other	224,548	20,750	98	245,200	1,586,525	42,053	0	42,053	1,674	13	
7. Total Membership	492,239	21,276	3,032	510,483	3,478,878	346,053	0	346,053	32,520	112	
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group	0			0				0			
602. Healthy Families	30,683	213		30,896	211,304	27,031		27,031	674	38	3.35
603. AIM	12			12	84	1		1		0	
604. Medicare Cost				0	0			0			
605. ASO				0	0	N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0	0			0			
607. Plan to Plan	7,818	319		8,137	53,817	15,021		15,021	1,000	223	5.65
608. Dental Medi-Cal	23,171	232		23,403	167,867			0		0	
609. Dental Healthy Families	48,610	12,042		60,652	331,141			0		0	
610. Dental Commercial	16,180		98	16,082	112,257			0		0	
611. Dental Plan to Plan	98,074	7,944		106,018	710,055			0		0	
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699. 698) (Line 6 above)	224,548	20,750	98	245,200	1,586,525	42,053	0	42,053	1,674	13	4.43

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NOTES TO FINANCIAL STATEMENTS	
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## STATEMENT AS OF 1-31-2004 OF 933-0209 UNIVERSAL CARE

**KNOX-KEENE**  
**SUPPLEMENTAL INFORMATION**  
**PURSUANT TO SECTIONS 1300.84.06 AND 1300.84.2**

		1		2
1.	Net Equity		\$	12,059,775
2.	Add: Subordinated Debt		\$	6,427,891
3.	Less: Receivables from officers, directors, and affiliates		\$	1,032,611
4.	Intangibles		\$	4,608,574
5.	Tangible Net Equity (TNE)		\$	12,846,481
6.	Required Tangible Net Equity (See Below)		\$	9,266,694
7.	TNE Excess (Deficiency)		\$	3,579,787
		Full Service Plans		Specialized Plan
A.	Minimum TNE Requirement	\$ 1,000,000	Minimum TNE Requirement	\$ 50,000
<b>B. REVENUES:</b>				
8.	2% of the first \$150 million of annualized premium revenues	\$ 3,000,000	2% of the first \$7.5 million of annualized premium revenue	\$
	Plus		Plus	
9.	1% of annualized premium revenues in excess of \$150 million	\$ 2,800,596	1% of annualized premium revenue in excess of \$7.5 million	\$
10.	Total	\$ 5,800,596	Total	\$ 0
<b>C. HEALTHCARE EXPENDITURES:</b>				
11.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 3,890,650	8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$
	Plus		Plus	
12.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$	4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$
	Plus		Plus	
13.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$ 5,376,044	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
14.	Total	\$ 9,266,694	Total	\$ 0
15.	Required "TNE" - Greater of "A" "B" or "C" \$	9,266,694	Required "TNE" - Greater of "A" "B" or "C" \$	

**KNOX -KEENE  
SUPPLEMENTAL INFORMATION  
PURSUANT TO SECTIONS 1374.64**

**POINT OF SERVICE (POS) "ADJUSTED" TANGIBLE NET EQUITY CALCULATION**

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

		1
1. Net Equity	\$	12,059,775
2. Add: Subordinated Debt	\$	6,427,891
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	4,608,574
5. Tangible Net Equity (TNE)	\$	13,879,092
6. Required Tangible Net Equity (From Line 18 below)	\$	9,293,799
7. TNE Excess (Deficiency)	\$	4,585,293
ADJUSTED REQUIRED MINIMUM TANGIBLE NET EQUITY CALCULATION:		
<b>I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):</b>		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	9,266,694
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	27,105
10. Add lines 8 and 9	\$	9,293,799
<b>II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):</b>		
<b><u>PART A</u></b>		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 15)	\$	9,266,694
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	27,105
13. Add lines 11 and 12	\$	9,293,799

## STATEMENT AS OF 1-31-2004 OF 933-0209 UNIVERSAL CARE

## POS WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Line 8 less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

**STATEMENT AS OF 1-31-2004 OF 933-0209 UNIVERSAL CARE**



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